

## **MONTANA BOARD OF HOUSING**

301 S. Park – via GoToWebinar and Room 228, Helena MT  
February 9, 2009

### **ROLL CALL OF BOARD**

**MEMBERS:** J.P. Crowley, Chairman (Present)  
Betsy Scanlin, Vice Chairman (Present)  
Susan Moyer, Secretary (Present)  
Bob Gauthier (Present)  
Jeanette McKee (Present)  
Jeff Rupp (Present)  
Audrey Black Eagle (Excused)

**STAFF:** Bruce Brensdal, Executive Director  
Chuck Nemec, Accounting  
Penny Cope, Marketing & Web Specialist  
Paula Loving, Administrative Assistant  
Charlie Brown, Homeownership Program  
Vicki Bauer, Accounting  
Mary Bair, Multifamily  
Julie Hope, Homeownership Program  
Doug Jensen, Homeownership Program  
Justin Schedel, Accounting

**COUNSEL:** Pat Melby, Luxan and Murfitt  
Ann Atkinson, Kutak Rock  
John Wagner, Kutak Rock

**UNDERWRITERS:** Peter Nolden, RBC  
Mina Choo, RBC  
Gordon Hoven, Piper Jaffray  
Al Hans, Piper Jaffray  
Fred Eoff, DA Davidson & Company  
Nick Fluehr, Bank of America  
Mary Piontek, Edward Jones  
Daniel Rosen, Merrill Lynch

**OTHERS:** Sandy Shupe, Wells Fargo  
Deborah Chorlton, USDA  
Maureen Rude, Neighborworks Montana

Heather McMilin, homeWORD  
Gene Leuwer, Rocky Mountain Development Council  
Lyle Konkol, HUD  
Alex Burkhalter, Sparrow Group  
Lawrence Gallagher, HUD

### **CALL MEETING TO ORDER**

Chairman JP Crowley called to Order at 8:35 a.m. Bruce Brensdal provided an overview of how GoToWebinar works in order to allow for public comment.

### **APPROVAL OF MINUTES**

Amend minutes to show Jeanette McKee was present at January 12, 2009 meeting. Betsy Scanlin moved to approve the amended minutes and Susan Moyer seconded the motion. Chairman Crowley asked for comments. The minutes were approved unanimously.

### **FINANCE PROGRAM**

Chuck Nemec presented the Board with the Quarterly Investment Reports. The reports show two things: 1) the loss of investment alternatives and 2) a significant decrease in investment interest rates. The loss of the AIG investment contract and not investing with Federal Home Loan Bank (because of low rates) results in less investment diversity. As a result, these monies were transferred to the money market account. The Wells Fargo money market account now holds about half of the investment portfolio. Chuck provided the Board a comparison between 2007 and 2008 interest rates. Jeff inquired what the significant impact as of the result of the economy. Chuck stated that the final numbers are not clear because the financial statements are not completed for the end of December 2008. Betsy questioned why most of the funds are located with one institution, Wells Fargo. Chuck explained that at this point this option allows for the current best return, with the least amount of risk. Betsy voiced concern over the fact that 50% of investment with one entity, especially during the current state of the economy. Jeff Rupp also voiced concern. John Wagner, the Board's bond counsel, clarified that these funds are not being loaned to Wells Fargo bank. The funds are used by a separate legal entity to purchase investments similar to what the board normally buys. The investments are the collateral for the money market account. Betsy asked whether the Board has the authority to request the redirection of these funds. Jeanette stated that she feels comfortable with the current status of the collateralizations. Susan agreed with Jeanette. Bob Gauthier mentioned that the current status of these funds is perfectly allocated during this time. Chuck mentioned the staff could look into comparisons of other options and will bring these towards the next Board meeting.

### **MULTIFAMILY PROGRAM**

Gerald Watne provided the Board with the Low Income Housing Tax Credit Application process. There were seven applications submitted for this year's funds. Currently, Mary Bair and Gerald are reviewing and scoring the

applications. Jeff Rupp inquired on how many of these applications were Non-Profit. Gerald stated that out of the seven applications, five are Non-Profit. The multifamily staff is looking at the applications and is concerned with readiness to proceed.

During the Multifamily update, Gerald informed the Board that the two Great Falls Conduit Bond projects remain on hold awaiting investors. Fred Eoff, DA Davidson, reaffirmed that status. The two projects in Kalispell closed on the 29<sup>th</sup> of January.

Gerald requested for a Reverse Annuity Mortgage (RAM) exception for a lump sum payment of \$18,000 for a couple in South Central Montana. Bob Gauthier moved and Betsy seconded. The Chairman asked for comments. The approval of the RAM lump sum was unanimously approved.

### **HOMEOWNERSHIP PROGRAM**

Nancy Leifer provided an update on the Setaside Program and Bond Issue, market and rate review. The Board has approximately \$6.5 million dollars available for loans. At current, there is a very low demand on our monies. Through discussions with Lenders, MBOH learned that 90-95% of the loans being made these days are for refinancing. Charlie Brown also stated that our participation within the Rural Development (RD) Program is temporarily not allowed because our rates are too high for the Program's requirements. Nancy is working with her staff to communicate with the Board's lenders to help them more easily track the complex requirements of our loans and to work with Lenders to seek out options to promote Board of Housing loans.

Nancy provided the Board with information acquired through her recent trip to Washington DC for the NCSHA Conference. Some states are selling taxable bonds to generate funds for mortgage loans that cost less than the tax-exempt bond rate, and then are selling the loans to Fannie Mae. These states service their own loans which allow them to make money on servicing. MBOH does not service its loans so this option doesn't make sense for MBOH. Investors are looking for the least risk, so bond issues that put all loans in MBS securities are the most likely to attract buyers at the lowest prices.

Nancy provided a report showing Delinquency and Foreclosure rates for Montana Board of Housing. While the Board's delinquency and foreclosure rates are increasing, they are still much lower than Montana and the Nation's rate. Nancy informed the Board that staff training is taking place to increase the number of staff who can work with our delinquent and foreclosed borrowers. In addition, Julie Hope is being trained to provide Foreclosure counseling for the Helena area for loans that are not MBOH, as part of the network of foreclosure counselors across the state through the NeighborWorks Montana network.

Nancy provided an update on housing counseling activities through the period of October – December 2008, not including Bozeman and Great Falls areas.

Maureen Rude, NeighborWorks Montana, stated the Homebuyer Education classes experienced less participation during the last quarter of 2008. Education in rental housing and reverse mortgage counseling is increasing. There will be three new foreclosure workshops for professionals in Butte, Kalispell and Bozeman. There will be borrower workshops in the evenings.

#### **EXECUTIVE DIRECTOR**

Bruce Brensdal informed the Board of the Mountain Plains Regional Housing Summit in Cody, Wyoming on May 4-6, 2008. Betsy, Bob, Jeff, and JP expressed immediate interest in attending. Susan and Jeanette will try to clear their schedules.

Bruce updated the Board on the NCSHA Legislative Conference (LegCon) in Washington DC. Bob and Jeanette will accompany Bruce this year.

Bruce updated the Board on the Montana Legislative bills currently being discussed in the 2009 Legislative Session. Representative Elsie Arntzen is having a hearing in House Local Government committee on February 17, 2009 at 3:00 p.m. addressing the State of Housing in Montana. There is accompanying bill but will hear from interested parties what is happening with housing markets in Montana. Nancy Leifer will be presenting findings from the White Paper.

Bruce gave a review of his meeting in Seattle with the Federal Home Loan Bank (FHLB). Staff, along with Peter Nolden and Mina Choo, continues to work on potential partnerships.

Penny Cope reminded the Board that Commerce Day will be in the Rotunda on March 10, 2009 and Housing Day will be in the Rotunda on April 1, 2009.

Meeting adjourned at 10:40 a.m.

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Susan Moyer, Secretary

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Date